

HOUSE BILL NO. 519

INTRODUCED BY G. FORRESTER, COCCHIARELLA, JACOBSON, MATTHEWS, SHEA, SLITER,
SOMERVILLE, SPRAGUE, STORY

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE ELIGIBILITY FOR THE VIDEO GAMBLING
MACHINE TAX CREDIT BY EXTENDING FOR 1 YEAR THE DEADLINE FOR A VIDEO GAMBLING MACHINE
PERMIT AND THE DEADLINE FOR CONVERTING A VIDEO GAMBLING MACHINE TO THE DEPARTMENT
OF JUSTICE'S AUTOMATED ACCOUNTING AND REPORTING SYSTEM; AMENDING SECTION 23-5-610,
MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 23-5-610, MCA, is amended to read:

**"23-5-610. (Temporary) Video gambling machine gross income tax -- credit -- records --
distribution -- quarterly statement and payment.** (1) A licensed machine owner shall pay to the department
a video gambling machine tax of 15% of the gross income from each video gambling machine issued a
permit under this part. A licensed machine owner may deduct from the gross income amounts equal to
amounts stolen from machines if the amounts stolen are not repaid by insurance or under a court order,
if a law enforcement agency investigated the theft, and if the theft is the result of either unauthorized
entry and physical removal of the money from the machines or of machine tampering and the amounts
stolen are documented.

(2) (a) A licensed machine owner is entitled to a tax credit for each video gambling machine for
which a permit has been issued under this part if:

(i) the permit was active for the video gambling machine ~~on~~ DURING THE 12-MONTH PERIOD ENDING
December 31, ~~2000~~ 2001;

(ii) the department determines that the video gambling machine is incapable, in the form in which
it was approved by the department, of communicating with the automated accounting and reporting
system authorized by 23-5-637; and

(iii) the licensed machine owner participates in the automated accounting and reporting system and
incurs actual hardware or software costs prior to ~~December 31, 2003~~ January 1, 2005, for conversion

1 of the video gambling machine to make it compatible with the automated system.

2 (b) The amount of the tax credit allowed under subsection (2)(a) is \$250 for each video gambling
3 machine or the actual hardware and software cost necessary for conversion of the video gambling machine
4 to the automated accounting and reporting system, whichever is less.

5 (3) If a tax credit is claimed under subsection (2)(a), the credit is deducted from the tax due for
6 the quarter or quarters that begin after the video gambling machine for which the tax credit is claimed is
7 connected to the automated accounting and reporting system authorized by 23-5-637.

8 (4) A licensed machine owner shall keep a record of the gross income from each video gambling
9 machine issued a permit under this part in the form the department requires. The records must at all times
10 during the business hours of the licensee be subject to inspection by the department.

11 (5) (a) For each video gambling machine issued a permit under this part but not connected to the
12 department's automated accounting and reporting system, a licensed machine owner shall, within 15 days
13 after the end of each quarter and in the manner prescribed by the department, complete and deliver to the
14 department a statement showing the total gross income, together with the total amount due the state as
15 video gambling machine gross income tax for the preceding quarter. The statement must contain other
16 relevant information that the department requires.

17 (b) For each video gambling machine issued a permit under this part that is connected to the
18 department's automated accounting and reporting system, the department shall, within 5 working days
19 after the end of each quarter, complete and deliver to the licensed machine owner (with a copy sent to
20 the licensed operator, if different from the licensed machine owner, on whose premises the machine is
21 placed) a statement showing the total gross income from the video gambling machine, together with the
22 total amount due the state as video gambling machine gross income tax for the preceding quarter. The
23 licensed machine owner shall remit the total amount due the state under this subsection within 25 days
24 after the end of each quarter.

25 (6) (a) Except as provided in subsection (7), the department shall, in accordance with the
26 provisions of 15-1-501, forward one-third of the tax collected under subsection (5) to the general fund.

27 (b) The department shall, in accordance with the provisions of 15-1-501, forward the remaining
28 two-thirds of the tax collected under subsection (5) to the treasurer of the county or the clerk, finance
29 officer, or treasurer of the city or town in which the licensed machine is located, for deposit to the county
30 or municipal treasury. Counties are not entitled to proceeds from taxes on income from video gambling

1 machines located in incorporated cities and towns. The two-thirds local government portion of tax
2 collected under subsection (5) is statutorily appropriated, as provided in 17-7-502, to the department for
3 deposit to the county or municipal treasury.

4 (7) Receipts from the state's share of taxes collected under this section are pledged and dedicated
5 to guarantee repayment of loans participated in under 23-5-638 in an amount sufficient to meet the
6 prepayment obligation for the fiscal year during which the loans are made. The amount of taxes pledged
7 by this subsection is the dollar amount of loan participation under 23-5-638 and must be allocated to a
8 separate account in the short-term investment pool. The board of investments is not entitled to use the
9 proceeds from taxes collected under this section to repay a loan made under 23-5-638 unless the board
10 certifies that all other commercially available means of collection on the loan have been exhausted.
11 (Terminates December 31, 2005--sec. 10, Ch. 424, L. 1999.)

12 **23-5-610. (Effective January 1, 2006) Video gambling machine gross income tax -- credit --**
13 **records -- distribution -- quarterly statement and payment.** (1) A licensed machine owner shall pay to the
14 department a video gambling machine tax of 15% of the gross income from each video gambling machine
15 issued a permit under this part. A licensed machine owner may deduct from the gross income amounts
16 equal to amounts stolen from machines if the amounts stolen are not repaid by insurance or under a court
17 order, if a law enforcement agency investigated the theft, and if the theft is the result of either
18 unauthorized entry and physical removal of the money from the machines or of machine tampering and
19 the amounts stolen are documented.

20 (2) (a) A licensed machine owner is entitled to a tax credit for each video gambling machine for
21 which a permit has been issued under this part if:

22 (i) the permit was active for the video gambling machine ~~on~~ DURING THE 12-MONTH PERIOD ENDING
23 December 31, 2000 2001;

24 (ii) the department determines that the video gambling machine is incapable, in the form in which
25 it was approved by the department, of communicating with the automated accounting and reporting
26 system authorized by 23-5-637; and

27 (iii) the licensed machine owner participates in the automated accounting and reporting system and
28 incurs actual hardware or software costs prior to ~~December 31, 2003~~ January 1, 2005, for conversion
29 of the video gambling machine to make it compatible with the automated system.

30 (b) The amount of the tax credit allowed under subsection (2)(a) is \$250 for each video gambling

1 machine or the actual hardware and software cost necessary for conversion of the video gambling machine
2 to the automated accounting and reporting system, whichever is less.

3 (3) If a tax credit is claimed under subsection (2)(a), the credit is deducted from the tax due for
4 the quarter or quarters that begin after the video gambling machine for which the tax credit is claimed is
5 connected to the automated accounting and reporting system authorized by 23-5-637.

6 (4) A licensed machine owner shall keep a record of the gross income from each video gambling
7 machine issued a permit under this part in the form the department requires. The records must at all times
8 during the business hours of the licensee be subject to inspection by the department.

9 (5) (a) For each video gambling machine issued a permit under this part but not connected to the
10 department's automated accounting and reporting system, a licensed machine owner shall, within 15 days
11 after the end of each quarter and in the manner prescribed by the department, complete and deliver to the
12 department a statement showing the total gross income, together with the total amount due the state as
13 video gambling machine gross income tax for the preceding quarter. The statement must contain other
14 relevant information that the department requires.

15 (b) For each video gambling machine issued a permit under this part that is connected to the
16 department's automated accounting and reporting system, the department shall, within 5 working days
17 after the end of each quarter, complete and deliver to the licensed machine owner (with a copy sent to
18 the licensed operator, if different from the licensed machine owner, on whose premises the machine is
19 placed) a statement showing the total gross income from the video gambling machine, together with the
20 total amount due the state as video gambling machine gross income tax for the preceding quarter. The
21 licensed machine owner shall remit the total amount due the state under this subsection within 25 days
22 after the end of each quarter.

23 (6) (a) The department shall, in accordance with the provisions of 15-1-501, forward one-third
24 of the tax collected under subsection (5) to the general fund.

25 (b) The department shall, in accordance with the provisions of 15-1-501, forward the remaining
26 two-thirds of the tax collected under subsection (5) to the treasurer of the county or the clerk, finance
27 officer, or treasurer of the city or town in which the licensed machine is located, for deposit to the county
28 or municipal treasury. Counties are not entitled to proceeds from taxes on income from video gambling
29 machines located in incorporated cities and towns. The two-thirds local government portion of tax
30 collected under subsection (5) is statutorily appropriated, as provided in 17-7-502, to the department for

1 deposit to the county or municipal treasury."

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3 NEW SECTION. **Section 2. Effective date.** [This act] is effective on passage and approval.

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5 NEW SECTION. **Section 3. Retroactive applicability.** [This act] applies retroactively, within the
6 meaning of 1-2-109, to video gambling machine permits that were active after December 31, 2000.

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